

TREASURY NOTES

WINTER 1993

Office of Missouri State Treasurer Bob Holden

Putting Missouri First

ST. LOUIS COUNTY LIBRARY
MISSOURI DEPOSITORY

FEB 22 1994

MISSOURI FIRST Tops 3000 jobs

Treasurer invests in long-term economic development

A seamstress in Chillicothe, a valve manufacturer in Flat River, and a landscaper in Kansas City are among 3,000 hard-working Missourians who benefitted in 1993 from the MISSOURI FIRST Linked-Deposit for Job Creation Program.

"What role can be more important for government to play than creating opportunities for individuals to work and support their families," said State Treasurer Bob Holden. "The MISSOURI FIRST program has helped create or retain over 3,000 jobs this past year and we will continue to market and improve the program to encourage further economic development in 1994."

Under the MISSOURI FIRST Program, the treasurer's office places below-market-rate deposits of state funds in Missouri financial institutions. The banks then pass on the savings in the form of low-interest loans to eligible borrowers so they can create jobs, expand their operations and build greater prosperity in their communities.

Although the state accepts lower earnings because of the below-market-rate deposits, the increases in employment and economic activity generated by the MISSOURI FIRST program create a broader tax base that, in the long run, more than offsets the loss of earnings to the state.

"My office works in partnership with private lending institutions to help ensure that companies in Missouri have access to growth capital at attractive rates," said Holden. "With \$350 million allocated to MISSOURI FIRST, we currently operate one of the most utilized linked-deposit programs in the nation



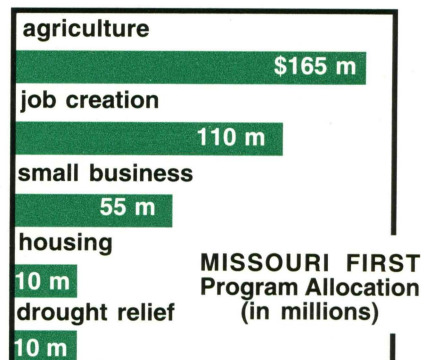
Treasurer Bob Holden helps Hannicon workers in Hannibal assemble automotive brake cables. A MISSOURI FIRST deposit helped to create 140 new jobs there.

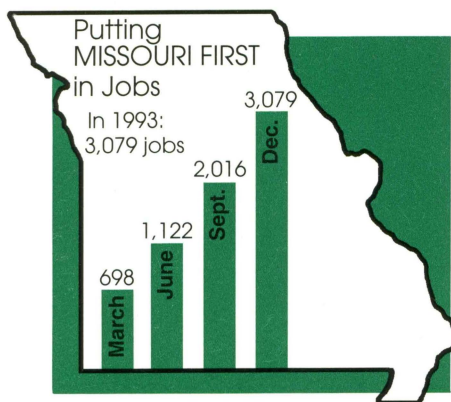
and we provide assistance to businesses of all sizes."

In 1993, the treasurer's office helped over 60 companies either locate to Missouri, expand their current operations, or recover from the flood through the MISSOURI FIRST Linked-Deposit for Job Creation Program.

Holden said his office will step up marketing of MISSOURI FIRST in 1994 so that more potential job-creating businesses and industries are aware of the assistance available. He said priority will be given to projects that create higher quality, permanent, full-time jobs; projects in Missouri's targeted manufacturing industries; projects located in economically distressed areas of the state; and projects that create spin-off jobs.

In addition, the treasurer's office will be studying other policy changes and possible legislative reforms to the MISSOURI FIRST programs that can make them even more effective in helping industries create jobs, in assisting small businesses as they grow, in helping farmers to prosper, and in bringing decent housing within reach of more Missouri families.





325 New Jobs in Springfield

Aaron's Automotive Products, a remanufacturer of auto engines and transmissions, is expanding its plant in Springfield, creating 325 new jobs.

The treasurer's office placed \$1 million with Commerce Bank of Springfield to provide a low-interest loan to Aaron's for site development and construction of a 46,000 square-foot expansion. The new addition will boost Aaron's employment to more than 1,000.

140 New Jobs in Hannibal

The treasurer's office placed \$3.5 million with United Missouri Bank of Kansas City to finance the purchase of new equipment to help expand the Hannicon Division of Orscheln Co. in Hannibal. The expansion will create 140 manufacturing jobs, nearly doubling the size of Hannicon's initial work force in Hannibal.

Hannicon produces light duty brake cables for Ford, GM, Chrysler, Nissan and other general product companies.

MISSOURI FIRST at work

Profiles of MISSOURI FIRST companies

550 New Jobs in Kansas City

Transamerica Life Cos. of Los Angeles will bring 550 new jobs to Missouri when it moves administrative operations to Kansas City early this year.

To assist in the relocation, the treasurer's office placed \$5 million with Boatmen's First National Bank of Kansas City to reduce the financing costs associated with Transamerica's move to the state. The firm is one of the largest life insurers in North America. The new jobs will include underwriters, claims examiners and policy service personnel.

100 New Jobs at Phelps Tool

The treasurer's office placed a \$2.2 million linked deposit with Mark Twain Kansas City Bank to assist Phelps Tool & Die Co. Inc. in an expansion that is creating 100 new manufacturing jobs in Kansas City.

The firm will use a MISSOURI FIRST loan to install a paint facility, punch presses and equipment needed to produce the steel cases that will hold Compaq Computer Corporation's new Presario personal computers. The company is adding 92,000 square feet to a 108,000 square-foot building it recently purchased near its current headquarters.

20 New Jobs for Caruthersville

RT Friction, Inc., will be expanding its facilities in Caruthersville with the help of a MISSOURI FIRST linked deposit. The treasurer's office placed \$450,000 in state funds with the First Bank and Trust Company of Caruthersville, which is providing RT Friction with a reduced-rate loan to purchase machinery and equipment and expand its production facilities.

The firm manufactures friction materials for the automotive replacement parts market. The company will be adding 20 new jobs in Caruthersville.

St. Louis Music Retains 250 Jobs

St. Louis Music Inc. is using \$500,000 in state funds placed with Commerce Bank of St. Louis to update and expand its manufacturing capacity in St. Louis County, retaining 250 jobs.

The firm, which imports, manufactures and distributes musical instruments and equipment, will use a low-cost loan through the MISSOURI FIRST program to purchase new machinery and equipment.

For more information about MISSOURI FIRST, please call 1-800-662-8257.

3,500 farmers receive MISSOURI FIRST assistance

The Treasurer's MISSOURI FIRST Linked-Deposit Program for Agriculture is helping thousands of Missouri farmers improve operations and profitability. In 1993, the treasurer's office placed \$105 million in linked deposits for agriculture in 250 Missouri financial institutions, enabling them to provide low-cost loans to more than 3,500 farmers throughout the state.

"Agriculture is the bedrock of Missouri's economy, and one of the best investments we can make is to help expand agricultural operations in the

state," State Treasurer Bob Holden said.

Holden recently approved the first linked deposit of state funds to assist a beginning farmer in establishing a farming operation.

Holden said his office placed the funds with Chemical Bank of Sweet Springs. The bank then provided a low-interest loan to Duane Pomerence of Sweet Springs to begin a new agricultural operation on 77 acres in Saline County. The Pomerence farm will be a swine farrowing and row crop operation.

Established farmers and agribusinesses can receive low-cost loans of up to \$50,000, while a beginning farmer can receive up to \$250,000. Loans may be used for production expenses or refinancing an existing loan for such expenses. Beginning farmers and agribusinesses also can use MISSOURI FIRST loans for financing of real property (land and buildings).

The program promotes agriculture in the state by reducing financing costs associated with farming and agribusiness operations.

Public-private partnership provides housing in St. Joseph

Senior citizens in St. Joseph have found safe, affordable housing in the new Westchester Village complex recently dedicated by Treasurer Holden and other state and local officials. The development consists of 60 apartments in 11 buildings that are rented exclusively to low and moderate income elderly. To keep rents affordable, the project is receiving low-cost financing and tax credits through the Missouri Housing Development Commission (MHDC).

"I love this place," said 80 year-old Viola Valentine. "There's no other place fit to live that's affordable in this town, and I looked for three years."



Treasurer Bob Holden accepts the official scissors from Columbia developer Jeff Smith and development manager Bobbie Hunt. Also present are Representatives Charlie Shields and Millie Humphreys.

The project was developed and built by Fairway Properties, Inc. of Columbia, Missouri and fulfills a critical need for low-income housing in the St. Joseph area. According to a survey by the U.S. Department of Housing and Urban Development, about half the elderly renters in St. Joseph are spending more than 30 percent of their income on housing. HUD considers expenditures of more than 30 percent of income for housing a serious "cost burden."

"This is an outstanding project and an example of how the state can successfully work with a private

developer to benefit citizens who need a safe, cost-efficient place to call home," said Holden, who serves as MHDC chairman. "I was also pleased to discover that several individuals forced from their homes by the flood have relocated to Westchester Village."

MHDC is providing \$1.8 million in low-cost financing through a first mortgage loan. To maintain affordable rents, the project also will receive federal and state tax credits for up to 10 years.

MHDC Flood Recovery

MHDC is allocating \$17 million in HOME funds to developers who will construct or rehabilitate an estimated 500 rental housing units for low and moderate income flood victims. Direct assistance available includes the following programs:

- Rental Assistance/Security Deposits
- Home Elevation Program
- Downpayment Subsidies
- Relocation Assistance
- Mobile Home Program

For more information, flood victims should call 1-800-237-8197

Flooded businesses, farms given priority for MISSOURI FIRST Loans

Businesses and farmers affected by this summer's flooding are receiving priority in obtaining low-interest loans through the Treasurer's MISSOURI FIRST Linked-Deposit program.

"We want to do everything we can to help Missouri businesses and farms recover from the devastating flood of 93 and to put people back to work," Holden said. "The tremendous physical damage caused by the force of the flood waters was truly mind-boggling, but one of the most devastating aspects to me was the sudden loss of many peoples' jobs and

livelihood."

The state has more than \$100 million in state funds available to provide linked deposits for job creation and retention, small businesses and agriculture.

The Display Center Inc. in Hannibal was the first flood-affected business in the state to receive assistance through the MISSOURI FIRST program. The firm, which manufactures display racks, accessories and promotional items, had nearly 8 feet of water in its facility. The force of the flood waters collapsed

portions of walls and pushed giant presses to the opposite sides of the facility.

The Treasurer placed \$200,000 with Commerce Bank of Hannibal. The bank then provided a low-interest loan to The Display Center to repair its flood-damaged building and equipment, putting about 130 people back to work.

Farmers also are receiving flood recovery help through the program. Holden lifted a restriction on agriculture linked-deposit loans that prevented farmers from renewing the deposit arrangement beyond five years.

A note from the treasurer

Dear Fellow Missourians,

Notre Dame football coach Lou Holtz said "Success is having done the very best you can." A year has passed since I had the privilege of becoming Missouri's 38th State Treasurer, and I look back on 1993 with a true sense of fulfillment because I sincerely believe my office efficiently and effectively benefitted the people of Missouri. But like Coach Holtz, I only pause to reflect on our accomplishments, because I am eager for another season of tackling the challenges and opportunities that lie ahead in 1994.

My goal, a year ago and today, is to make my office the most innovative, dynamic and aggressive state treasurer's office we have ever had. We remain committed to being open, accessible and responsive to the needs of Missouri's citizens.

I will continue to expand the scope of the treasurer's office well beyond the constitutional duties of managing public funds. As Chairman of the Missouri Housing Development Commission, I witnessed the devastating floods this past year through the eyes of the thousands left homeless and hurting. We must strive to create safe and

affordable housing for flood victims as well as all Missourians in need.

My office will continue to build the state's economy through our MISSOURI FIRST programs. Through our working partnerships with more than 300 financial institutions in this state, we can help create jobs and improve the quality of life in our communities.

We will continue to connect Missourians with money and property that is rightfully theirs but has been lost or forgotten in the state's \$50 million unclaimed property section. Our staff has made tremendous strides in providing the citizens of Missouri with quicker, more courteous service when they "stake their claim" to abandoned property.

On the national and state level, I am enthusiastic about taking a strong leadership role in seeking campaign finance reform that will restore the public's faith in government.

I am thankful for the opportunity to serve Missourians in 1993 and will bring the same drive and dedication to the job in the year ahead.

Bob Holden

Cleaning Up the Municipal Bond Market

Missouri Treasurer Bob Holden continues to lead a task force of treasurers from 15 states who are working to develop a code of ethics for treasurers and other participants in the municipal securities marketplace.

As chairman of the task force, Holden has formed five subcommittees and asked them to compile recommendations in their specified areas. The subcommittees and their appointed chairs are: Campaign Finance Disclosure - Ed Alter (Utah); Primary and Secondary Market Financial Disclosure - Kathleen Brown (California); Model Code of Conduct for Public Officials - Mike McGrath (Minnesota); Clearinghouse for Information Regarding Abuses in the Market - Jim Hill (Oregon); and Disclosure of Fee Arrangements and Conflicts of Interest - Nancy Mayer (Rhode Island).

"I want treasurers to collectively craft the solutions for problems challenging investor confidence in the municipal marketplace because if we don't take the lead, the federal government will surely take action," said Holden.

'93 Accomplishments

- ✓ Worked with banks to provide low-cost loans to more than 3,500 farmers and 1,800 small businesses through the enhanced MISSOURI FIRST Linked Deposit program. This program helped Missouri companies create and retain more than 3,000 jobs last year.
- ✓ Increased professionalism of the staff by hiring certified professionals to direct banking and investment activities.
- ✓ Opened offices in St. Louis and Kansas City to better facilitate economic development and housing projects in those areas.
- ✓ Assumed responsibility for the state's Unclaimed Property program in July. In just six months, the treasurer's office has reduced a 90-day turnaround on claims processing to one business day.
- ✓ Appointed chairman of a task force set up by the National Association of State Treasurers to develop a code of ethics for public treasurers.
- ✓ Elected chair of the Missouri Housing Development Commission and guided the commission to take an active role in addressing Missouri's housing needs.
- ✓ Worked with the Missouri Bankers Association to increase accessibility to free or low-cost check cashing for recipients of state-issued checks.
- ✓ Opened the bid process for state banking services to all Missouri banks and recently awarded a new state banking services contract that will save taxpayers close to \$700,000 over the next three and a half years.
- ✓ As chairman of MHDC, accepted \$28 million in federal flood assistance at the Midwest Flood Disaster Work Session held in Iowa in Fall of '93. Updated federal officials on current flood crisis in Missouri and accepted money on behalf of Governor Carnahan and citizens of the state.



Holden awards state banking contract

New contract to save Missouri \$700,000

A decision by State Treasurer Bob Holden to accept a bid proposal for a new state banking services contract will save taxpayers at least \$700,000 over the next three and a half years in comparison to the contracts awarded by the previous administration.

Holden said he has accepted a detailed recommendation from the Bid Review Committee in the treasurer's office to begin negotiations with Central Trust Bank for all of the state's banking services. The committee, comprised of experienced CPA's, former bank officials and a professional from the previous administration, determined that Central's bid for the services would provide the best performance at the lowest price.

"Missouri taxpayers will receive the maximum benefit for their tax dollars as a result of this decision," said Holden. "The professionals on my staff, in consultation with a banking expert at the University of Missouri, developed the most comprehensive, cost-efficient request for services in the history of this office and the Bid Review Committee then rigorously assessed the proposals before making a recommendation."

For the first time, Holden said, the Requests for Proposals for Banking Services (RFP) incorporated consideration of a bidding institution's investment activities in the community and required all bidders to provide certain community-oriented services. In addition, changes to the previous RFP, such as removing the automatic annual cost of living price adjustment for service providers, could potentially result in additional savings to the state.

Holden commended all the bidding institutions for their professionalism and cooperation in what was a strong competition for the contract to handle state government's multibillion dollar account. Central, United Missouri, Boatmen's, Mercantile, Commerce and



Treasurer Bob Holden publicly awards the state's banking services contract at a press conference in mid-December.

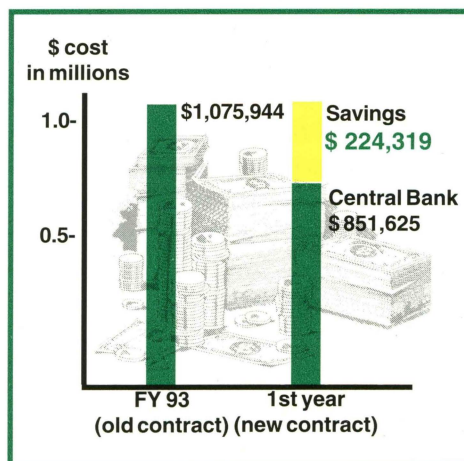
the Bank of Kirksville all joined in the bid process.

Central provided the lowest bid for the entire package of services, and the lowest and best bid in five of the six service areas based on its package costs and suggestions for enhancing and streamlining the operations of the treasurer's office," said Holden. "The overall thoroughness and quality of Central's bid proposal placed it above the other bids."

Holden said the state paid \$1,075,944 in FY93 for banking services under the contracts awarded by the previous administration. The new contract, which includes new and enhanced services, is projected to cost the state \$851,625 during its first year of implementation. The new banking contract will expire on June 30, 1997.

An estimated \$11 billion flows through the state's bank account each year and services requested by the treasurer's office include: providing deposit and disbursement services; handling money and security transfers; reporting on the state's accounts, balances and payment activities; and providing certain other related banking activities, including data processing services.

The entire Request for Proposal for Banking Services and all bids received are open and available for review in the treasurer's office.



Services requested include: deposit, checking, cash concentration, lottery, time deposit and cash flow forecasting.

Strong tax receipts indicate healthier economy

Missouri State Treasurer Bob Holden reported that strong growth in sales and income tax receipts for the last half of 1993 indicates a much healthier economy than for the same six-month period a year ago.

"Sales and income tax receipts for the last six months of 1993 show that Missouri's economy has shown strong improvement over the last year, and most economists expect modest, stable growth to continue into 1994," Holden said. "National surveys indicate that workers are feeling more confident about their jobs, prompting consumers to loosen up and spend a little more freely than they did a year ago. These state

figures indicate that the same thing is happening in Missouri."

Sales and use tax receipts for the last six months of 1993 jumped 7.02% over the same period of 1992, while individual income tax receipts rose by 6.18%. Corporate income tax receipts for the last six months of 1993 also showed improvement, Holden said, increasing 4.71%.

While total general revenue receipts for the last half of 1993 are up only 3.15% over the same period of 1992, Holden noted that lottery receipts and a federal reimbursement allowance account transfer are no longer included

in general revenue, as they were in 1992. Taking these changes into account would move growth in total general revenue receipts closer to 5% for the last six months of 1993, Holden said.

Holden also noted that part of the increase in sales tax receipts could be related to the 1993 floods, in that people are spending money to replace items lost in the floods.

Sales tax collections for July 1993 through December 1993 totalled \$722 million, up from just under \$675 million during the same period of 1992. Individual income tax receipts increased by more than \$61 million over the same period.

FY1994 General Revenue Report

Fiscal Year to Date (July 1 - Dec. 31, 1993)

	1994	1993	increase/(decrease)	
Sales and Use Tax	\$ 722,365,318	\$ 674,951,551	7.02 %	\$ 47.4 million
Income Tax—Individual	1,051,148,089	989,989,705	6.18	61.1 million
Income Tax—Corporate	112,417,083	107,365,389	4.71	5 million
Inheritance-Estate	25,550,811	33,299,751	(23.27)	(7.7 million)
Interest	8,684,839	8,791,497	(1.21)	(107,000)
Liquor	8,649,507	8,855,473	(2.33)	(206,000)
Beer	3,914,954	3,780,836	3.55	134,000
County Foreign Insurance	59,505,460	59,312,048	0.33	193,000
Corporate Franchise	12,804,299	12,835,047	(0.24)	(31,000)
Other Collections	66,585,501	66,085,524	0.76	500,000
Transfers from other funds	30,188,080	72,459,283	(58.34)	(42 million)
Total State Treasurer Report of Collections	\$ 2,101,813,941	\$ 2,037,726,104	3.15 %	\$ 64 million

Treasury Notes is the official publication of the Missouri State Treasurer's Office. For copies of Treasury Notes, write to:

State Treasurer Bob Holden
P.O. Box 210
Jefferson City, MO 65102

Communications Director
Dan Barber

Press Secretary
Donald Kling

**Communications Specialist/
Legislative Assistant**
Rebecca Lambe, editor

Bob Holden
Missouri State Treasurer
Jefferson City, Missouri

BULK RATE
U.S. Postage
PAID
Jefferson City, MO.
Permit No. 55